FY 2015 DELIVERY COSTS BY SHAPE

I. PREFACE

A. Purpose and Content

USPS-FY15-19 documents the development of FY 2015 delivery costs by rate category for First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, and Media Mail.

B. Predecessor Documents

ACR2014, PRC-LR-ACR2014/8 and USPS-FY14-19

C. Corresponding Non-Public Document

There is no corresponding Non-Public document to USPS-FY15-19

D. Methodology

USPS-FY15-19 follows the methods from PRC-LR-ACR2014/8 with the following modifications:

1. USPS-FY15-19 incorporates the changes necessitated by the Commission approved new city letter route cost model.[1] These changes include cost pool and distribution keys revisions for the new set of cost pools: DPS letters; FSS flats; Cased Mail; Sequenced (including some High Density); In Receptacle Parcels; Deviation Parcels; and Collection Mail (versus Letters, Flats, Sequenced, In-Receptacle Parcels, Deviation Parcels, and Collection Mail). In addition, the cost pool for USPS tracking costs was removed from the cost model. For more information about the specific changes to the city carrier letter route cost model, see Proposal

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[1] See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

Thirteen attached to the Petition in Docket No. RM2015-7/1, dated

December 11, 2014.

2. USPS-FY-15-19 also includes a new workbook with the FSS delivery

cost model. The FSS delivery cost model disaggregates delivery costs

between flats destinating in FSS/Non-FSS zones for Standard Mail Flats,

Standard Mail Carrier Route flats, Periodicals flats, and Bound Printed

Matter Flats. The procedures used to develop the FSS delivery cost

model follow the Commission approved methods from Docket No.

RM2015-16, Proposal Seven: Section Two.[2]

E. Inputs/Outputs

Inputs:

Workbook USPS-FY15-19	Tabs	Input Workbook	ACR Folder
UDCInputs15	7.0.6, 7.0.8, 7.0.6.10, CS06&7 CRA, CityDALCosts, CS7Shape,	CS06&7	USPS-FY15-32
UDCInputs15	CS10 CRA, RuralCosts, RuralVols	CS10	USPS-FY15-32
UDCInputs15	CCSECRVols	CCCS_Matrix_FY15_Final	USPS-FY15-34
UDCInputs15	CCSDALs	CCCS_DALCasing_FY15	USPS-FY15-34
UDCInputs15	RCSECRVols, BoxholderbyShape	RCCS_Matrix_FY15_Final	USPS-FY15-35
UDCInputs15	RCSDALs	RCCS_DAL_FY15_Final.	USPS-FY15-35
UDCInputs15	CARMM, CARMECR	KLTable15_All	USPS-FY15-37 (CARMM File)
UDCInputs15	CARMMCasing,	KLTable15_Casing	USPS-FY15-37 (CARMM File)
UDCInputs15	BYPBACK	FY15PBackAll	USPS-FY15-24

[2] See Docket No. RM2015-16, Proposal Seven: Section Two, Order No. 2839, November 25, 2015.

Workbook USPS-FY15-19	Tabs	Input Workbook	ACR Folder
UDCInputs15	DPS%	FY15 DPS Percentages	USPS-FY15-10
UDCInputs15	RPWShape	FY15RPWADJ	USPS-FY15-14
UDCInputs15	Inputs	Standard FCM FY 15	USPS-FY15-14
UDCInputs15	FCByIndicia	KL_Table15_FCSP_Collection _Cost_By_Indicia	USPS-FY15-37 (CARMM File), USPS-FY15-34. and USPS-FY15-35
FSSDeliveryModel15	FSSInputs	CS06&7 FY15RPWADJ	USPS-FY15-32 USPS-FY15-14
FSSDeliveryModel15	FSS Volume Inputs	Flats Mech Coverage FY15	USPS-FY15-14

Outputs

Description	ACR Folder
FY 2015 Discounts and Passthroughs of Workshare Items	USPS-FY15-3
FY 2015 Special Cost Studies Workpapers - Letter Cost Models	USPS-FY15-10
FY 2015 Nonprofit Mail Cost Approximations	USPS-FY15-27
FY 2015 Market Dominant NSA Materials	USPS-FY15-30

II. ORGANIZATION

USPS-FY15-19 contains nine Excel workbooks and five SAS log files. The five workbooks named **KLTable15_All**, **KLTable15_Casing**, **KLTable15_FCSP_All_By_Indicia**, **KLTable15_FCSP_Casing_By_Indicia**, and **KLTable15_FCSP_Collection_Cost_By_Indicia**, are outputs from running the respective SAS programs against the IOCS CARMM data file which is contained in USPS-FY15-37. These workbooks provide 6.1 *casing only costs, 6.1 direct labor*

costs, and First Class Single Piece letter collection costs by indicia by route grouping (letter, SPR, and other) by rate category.

The addition of a FSS delivery cost model compelled the inclusion of a distinction between the historical aggregate unit delivery costs and the new disaggregated FSS unit delivery costs. The unit delivery cost model now consists of two parts 1) aggregate unit delivery costs and 2) FSS unit delivery costs, which disaggregate certain of the aggregate costs between costs in FSS zones and costs in non-FSS zones.

The calculation of the aggregate delivery costs continues to consist of three workbooks. The workbook **UDCInputs15** has the necessary cost and volume inputs. The workbook **VolAdj15** contains all of the volume adjustments that are part of the established methodology. Lastly, the workbook **UDCModel15** takes the inputs and volume adjustments and performs the calculations to get the final aggregate unit delivery and collection costs by rate category which are found in tab Table 1 – FY15 Unit Delivery Costs and reproduced below.

For the FSS delivery costs, the same format for the cost model is used that was filed in Docket No. RM2015-16, Proposal Seven Section Two. The workbook FSSDeliveryModel15 has the same tabs, content, and links (including links to the aggregagte delivery cost model) as the corresponding workbook filed with Proposal Seven, August 5, 2015. The disaggregated unit delivery costs for the relevant products destinating in FSS/Non-FSS zones are found in tab Table 2 – FSS Zone/Non-FSS Zone Unit Delivery Costs and are reproduced below.

Documentation of the content of each tab within the **UDCInputs15**, **UDCVolAdj15**,

UDCModel15, and FSSDeliveryModel15 workbooks is included in the tab titled

'NOTES' within each of the four workbooks. The **'NOTES'** tab lists all of the tabs within

each workbook along with a brief description of its function.

Table 1 – FY15 Unit Delivery Costs (Cents)

Table 1 – FY15 Unit Delivery Costs	
Rate Category	**Unit Delivery Cost (Cents)**
First-Class Single Piece	
Letters	**9.439**
Stamped Letters	9.183
Metered Letters	9.781
Other Letters	17.823
Flats	18.686
First-Class Parcels	47.100
First-Class Presort	
Non-automation Nonmach Mixed AADC	19.827
Non-automation Nonmach AADC	19.827
Non-automation Mach Mixed AADC	5.056
Nonautomation -- Mach AADC	4.638
Nonautomation – Nonmach 3-Digit	19.827
Nonautomation – Nonmach 5-Digit	19.827
Nonautomation -- Mach 3-Digit	4.638
Nonautomation -- Mach 5-Digit	4.638
Automation Mixed AADC	5.199
Automation AADC	4.904
Auto 3-Digit Letters	4.911
Auto 5-Digit Letters CSBCS/Manual Sites	19.827
Auto 5-Digit Letters Other Sites	3.711
Auto 5-Digit Letters	4.481
Presort Letters (Avg)	4.658
Presort Flats	22.092

Table 1 – FY15 Unit Delivery Costs (cont)	
Rate Category	**Unit Delivery Cost (Cents)**
First-Class Cards	
Single Piece	11.396
FC Nonautomation Cards	4.128
Auto Mixed AADC Cards	4.239
Auto AADC Cards	4.008
Auto 3-Digit Cards	4.014
Auto 5-Digit Cards	3.678
Auto 5-Digit Cards CSBCS/Manual Sites	15.674
Auto 5-Digit Cards Other Sites	3.076
Presort Cards (Avg)	3.890
Periodicals	
Letters	10.800
Flats	13.224
Parcels	53.243
Package Services – Bound Printed Matter	
Flats	16.472
Parcels	39.546
Package Services – Media Mail	
Flats	15.812
Parcels	43.757
Standard Mail	
Nonautomation -- Nonmach Mixed ADC	17.340
Nonautomation – Nonmach ADC	17.340
Nonautomation – Mach Mixed AADC	4.934
Nonautomation -- Mach AADC	4.934
Nonautomation – Nonmach 3-Digit	17.340
Nonautomation – Nonmach 5-Digit	17.340
Automation Mixed AADC	5.054
Automation AADC	4.807
Automation 3-Digit Letters	4.812
Automation 5-Digit Letters	4.450
Letters. (Average)	4.588
Flats	17.798
Parcels	38.766

Table 1 – FY15 Unit Delivery Costs (cont)	
Rate Category	**Unit Delivery Cost (Cents)**
High Density/Saturation	
High Density Letters	3.305
Saturation Letters	6.073
High Density Flats WITH DAL	9.139
High Density Flats WITHOUT DAL	9.110
Saturation Flats WITH DAL	8.668
Saturation Flats WITHOUT DAL	8.363
First-Class Single Piece Metered Collection Cost per Order 1320	2.303

Table 2 – FSS - FY15 FSS Zone/ Non-FSS Zone Unit Delivery Costs (Cents)

Table 2 –FY15 FSS Zone/Non-FSS Zone Unit Delivery Costs	
Flats	**Unit Delivery Cost (Cents)**
Periodicals Flats	**13.224**
Periodicals Flats – FSS Zones	12.770
Periodicals Flats – Non-FSS Zones	13.265
Bound Printed Matter Flats	**16.472**
Bound Printed Matter FSS Zones	12.756
Bound Printed Matter – Non-FSS Zones	17.350
Standard Mail Flats	**17.798**
Standard Mail Flats – FSS Zones	15.237
Standard Mail Flats – Non-FSS Zones	18.589
Carrier Route Flats	**12.926**
Carrier Route Flats FSS Zones	12.324
Carrier Route Flats – Non-FSS Zones	12.997